

***Muthoot Homefin***

**Investor Presentation Q2 FY2020**

**Muthoot Homefin (India) Limited  
(100% subsidiary of Muthoot Finance Limited)**



***Muthoot Homefin***

# Safe harbour statement

This presentation may include statements, which may constitute forward-looking statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, business development, market position, expenditures, and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realised. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements.

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Segmentation and product offering

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Financial Performance

Muthoot Homefin (India) Limited (MHIL), **incorporated in 2011, is a Non-deposit taking housing finance company** registered with National Housing Bank in May 2014

Our parent – Muthoot Finance is in financial services space with a legacy of serving customers for over 130 years. Muthoot Finance is listed on BSE and NSE.

MHIL has presence across **16 States** (including UT) in India through **103 locations** as on September 30, 2019 and are serving 24177 customers as on September 30, 2019

MHIL is a professionally managed company focusing on affordable housing segment, to fulfil the aspirations of lower and middle income (LMI) families.

Our prime goal is to contribute towards financial inclusion of LMI families by opening doors of formal housing finance to them.

Concentrate primarily on retail housing loans with average ticket size INR 1.05 million

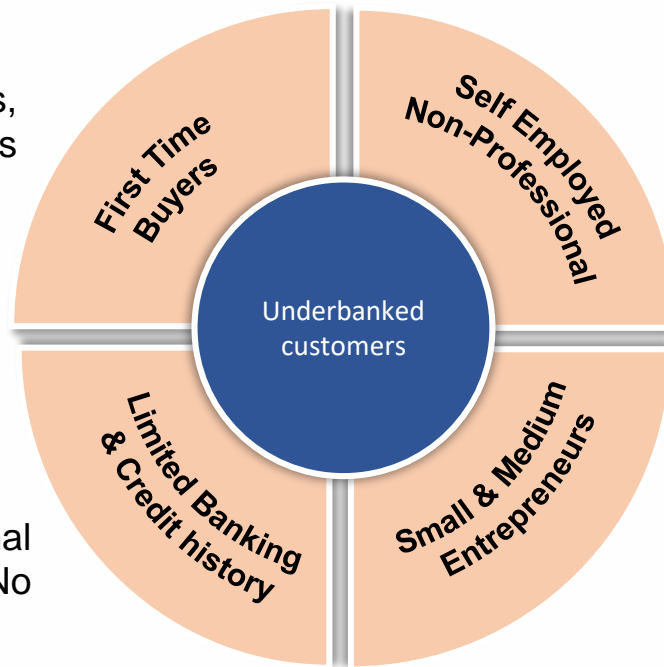
Ramratthinam S, an industry veteran with over 25+ years experience in Retail Lending Industry is heading MHIL, backed by a team of experienced and knowledgeable professionals from the Housing Finance Industry



# Catering to the Underbanked Customers

Recognised and Trusted Brand in India

- Private sector employees, Class IV employees, Teachers etc.



- Self employed customer with informal income sources such as auto drivers, Vegetable fruit vendors

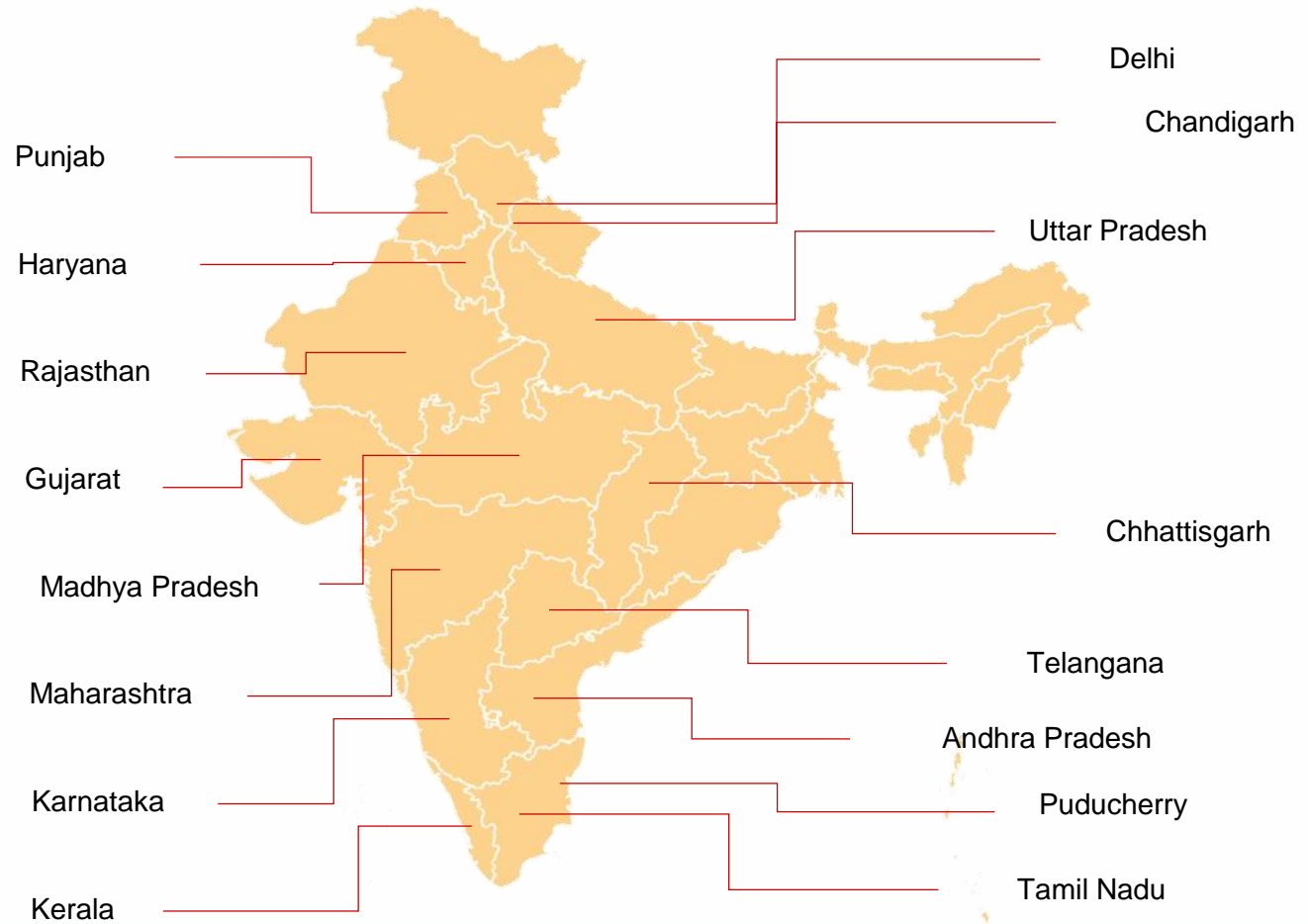
- Customers with informal income and low eligibility or No eligibility for bank loans

- Small trader, Shop owner , small workshop owners

Core strengths - robust technology for faster customer acquisition, loan servicing and effective cross-sell

# Our Presence

16 States (Including UT) and 103 Locations as on 30 September 2019



# Senior management

## **Mr. Ramratthinam S – Chief Executive Officer**

Ramratthinam has 25 + years of experience in the retail lending industry and has exposure to all secured and unsecured lending. He has handled the functions of Sales, Credit, Operations, Risk and Treasury in his earlier work assignments. He has worked with Companies like Sundaram Finance, Citicorp Finance, Centurion Bank of Punjab and he was the Chief Risk Officer at Dewan Housing Finance Corporation Limited, prior to joining Muthoot Homefin Limited. He has participated in various forums, panel discussions conducted by NAREDCO, NHB, World Bank, IFC, etc. both locally and internationally in pushing the agenda of housing reforms, particularly in India.

## **Mr. Pandurang Kadam – Chief Financial Officer**

Mr. Pandurang Kadam is a Chartered Accountant and has a 12 years of diversified experience with expertise in Finance. In his role as a Chief Financial Officer, he is responsible for fund raising, Finance and Accounts. Prior to Joining Muthoot Homefin (India) Limited, he was the Chief Financial Officer at India Home Loan Limited. He has also worked with the organisations such as IndoStar Capital Finance Limited, Karvy Financial Services and Anand Rath Group.

## **Mr. Rahul Jagtap – Head – Legal**

Rahul Jagtap is an LLB by qualification. He has completed his Law in the year 1999 from Sir L A Shah Law College of Ahmedabad. He has a Bachelor's Degree in Commerce from Gujarat University and completed PGDM programme from The Indian Management Academy. He has a rich experience of 16 years in Legal field both in the business as well as the litigation side. He joined the company in March 2016. He started his career with Tata Finance Ltd and worked with HDFC Bank Ltd for almost 10 years before joining MHIL. In his previous assignment, He was handling West Zone in HDFC Bank Ltd for Retail Assets Legal & Collection portfolio.

## **Mr. Prasad Bendre – Head – Operations & Collections**

Prasad Bendre is B.Com graduate and has done Diploma in Financial Management and Business Administration. He has done Management Development Programme from IIM (A). He possesses over 22 years of experience in Operations, Credit and Collections. Before joining Muthoot Homefin (I) Ltd, he was with Manappuram Home Finance, DHFL and IDBI Home Finance. He is working as Head – Operations & Collections.

## **Mr. Dhanajay Munshi - Head Credit**

Dhananjay is a Mechanical Engineer and holds a Masters degree in Marketing management from the Mumbai University. He has a work experience of 15+ years in the mortgage industry with overall exposure to all the mortgage departments. He has a expertise in the affordable loans segment where he has developed processes and systems to enable a robust credit module. Prior to Joining Muthoot Homefin, Dhananjay was working with Capri Global capital Ltd as a National credit manager and was responsible for credit underwriting and Process management of Affordable home loans and small ticket Loan against Property. Dhananjay is Head of Credit with Muthoot Homefin



# Senior management

## **Mr. Hrishikesh Gandhi – Head – Human Resources**

Hrishikesh is associated as HR Partner, he manages the HR & Admin function. He brings along with him a rich experience of 12 years in HR. His last association was with DHFL for over 5 years, he has also worked for companies like HDFC Bank, Centurion Bank of Punjab and Emkay. He is a full time MBA in HR & Marketing.

## **Mrs. Jinu Mathen – Company Secretary**

CS Jinu Mathen, an Associate Member of the Institute of Company Secretaries of India (ICSI), is a Commerce Graduate, and holds a Master's Degree in Business Administration from Sikkim Manipal University. Prior to joining Muthoot Homefin in December 2014, she started her secretarial profession at M/s. SVJS & Associates, a top-notch practicing firm of Company Secretaries, having its headquarters in Kochi and operating across the country. She was part of the core team of proficient corporate professionals, handling compliances and audits at various levels including Corporate laws, Finance laws, Regulatory compliances etc.

## **Mr. Anna P. Sale Patil – Head – Business Legal**

Anna P. Sale Patil is Law graduate and has over 15 years of experience in Legal field. He has exposure in Litigation, Non – Litigation and compliances. He has worked with Maharashtra Police, Government Department and companies like ARCIL, DHFL and Capri Global Capital Ltd. Before joining Muthoot Homefin (India) Ltd., he was worked with Capri Global Capital Ltd. as Head Legal – Retail Assets. He is working as Head – Business Legal.

## **Mr. Deepu Thankachan – Head – Internal Audit**

Deepu Thankachan joined Muthoot Homefin in July 2017 as Head – Internal Audit. He was associated with Muthoot Finance since February 2010 with an experience of more than 7 years. He holds Master degree in Commerce and a full time MBA in Finance & Marketing.

## **Mr. Vikram Rooprai – Head – Sales**

Vikram Rooprai is a Retail Banking professional with a rich experience of 17 years in Retail Asset Business, specifically in NBFC, Housing Finance & Mortgage Industry. He has expertise in Mortgage Business with hands on experience in Sales, Product and Risk Management with segment-specific and area-specific strategy. His experience in setting up the franchise and managing the sales activities with profitable responsibility has won him many accolades from companies like ICICI, ABN AMRO NV Bank, GE Money, Fullerton India Credit Company Ltd., Reliance Capital Ltd., India Infoline Ltd. and Capri Global Housing Finance Ltd.





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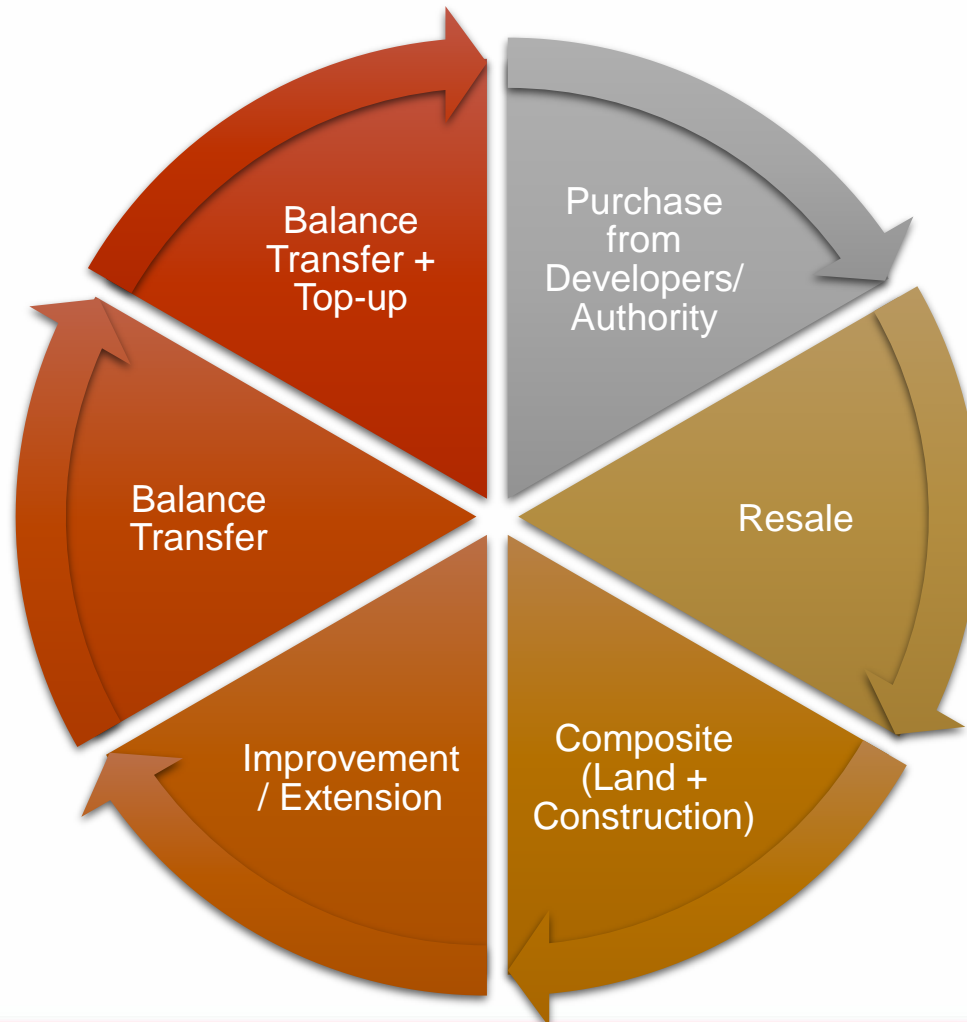
Financial Performance



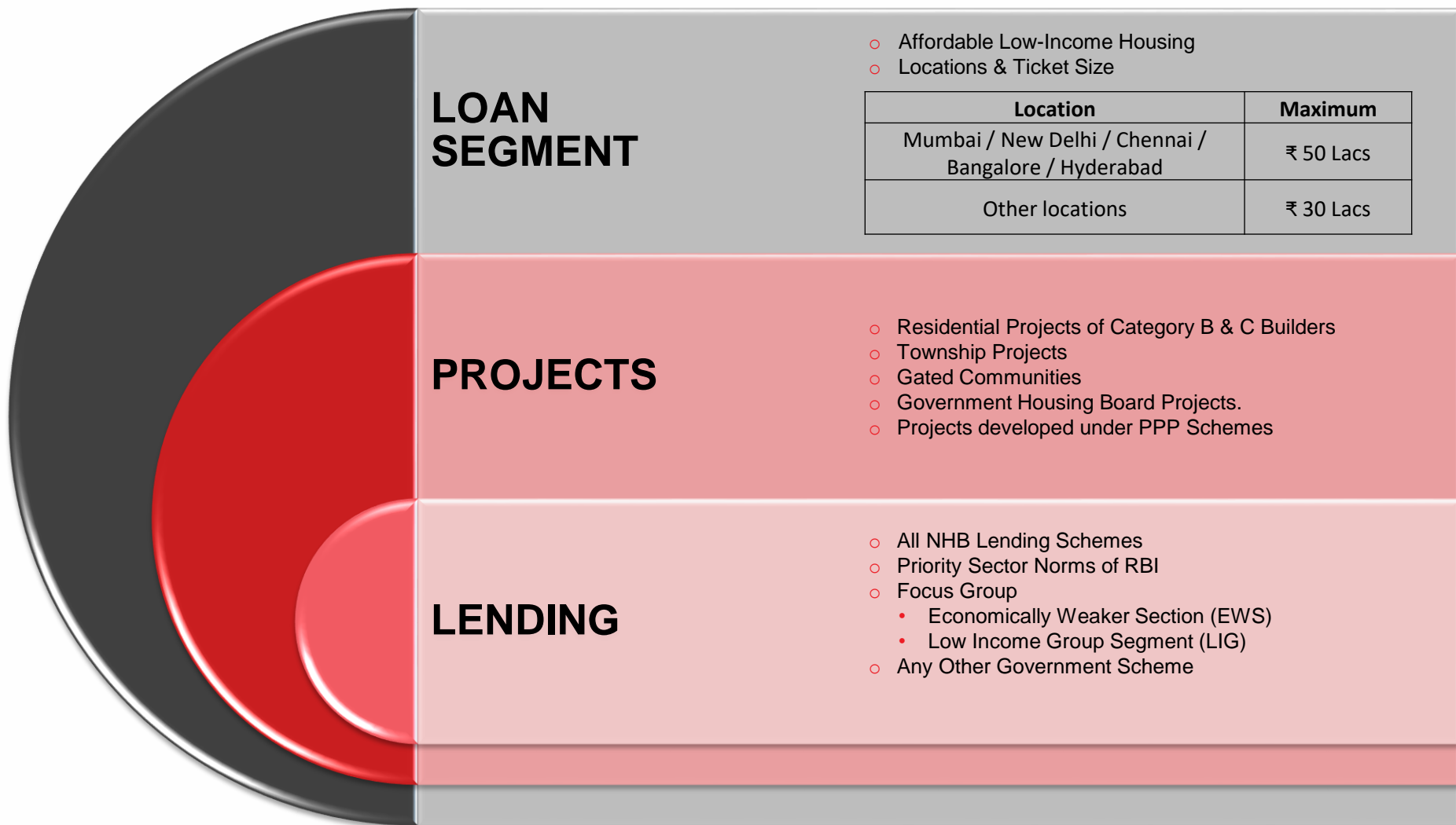
# Customer Segments



# Products



# Focus areas



# Our potential customers



## Profession: Accountant in Private Sector

- Gross Monthly income: ₹ 15,000
- Area of the House : 350 Sq. Ft.
- Staying with Wife



## Profession: Class IV employee

- Gross Monthly income: ₹ 20,000
- Area of the House : 400 Sq. Ft.
- Staying with Parents, Wife and 2 Children



## Profession: Teacher

- Gross Monthly income: ₹ 25,000
- Area of the House : 500 Sq. Ft.
- Staying with Wife and 2 Children

# Business model

## SOURCING

- To leverage the existing MFIN branch network and customer base
- Appoint relationship managers for sourcing open market customers and building relationship with developers

## APPRAISAL

- Centralised underwriting
- Personalised discussion with each client
- In-house Legal Appraisal team, appraising each application

## TECHNICAL EVALUATION

- In-house team of Civil Engineers for Technical Appraisal at retail and project level
- Empanelment of Valuers / Surveyors for Technical evaluation of Projects
- Upfront approvals of Builder Projects – enabling improved productivity and efficiency with reduced cost

# Business model

## OPERATIONS

- Centralized Operations for greater efficiency and risk management.

## COLLECTION

- Significant Majority of collections through ACH / PDC's
- Dedicated collection team of 85 field collectors across locations.

## TECHNOLOGY

- Robust Technology Platform for processing of home loans

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**Financial Performance**





# Business Performance - Overview



Company into retail housing financing business and no funding to builders.

Strong management team with extensive industry experience

Strong technology platform, systems & processes

Robust risk management framework



## ***Muthoot Homefin***



AUM – Rs. 2,098 Crore spread across 16 states (Including UT) in India

More than 24,000 strong base of customers



# Financial performance

(Rs in Millions)

Particulars	FY 17	FY 18*	FY 19*	Q1 FY 19*	Q1 FY 20*	Q2 FY 19*	Q2 FY 20*	H1 FY 19*	H1 FY 20*
Disbursement (Net of Cancellations)	4,150	10,814	6,543	1,861	1,094	1,894	1,449	3,755	2,543
Assets under Management (AUM)	4,408	14,648	19,131	16,209	19,875	17,754	20,976	17,754	20,976
Loan Portfolio	4,408	14,648	19,131	16,209	19,875	17,754	19,976	17,754	19,976
Number of Customers	4,024	15,908	23,466	18,287	23,621	20,237	24,177	20,237	24,177
Borrowings	2,178	13,477	15,420	14,394	16,022	13,994	16,960	13,994	16,960
Total Revenue	242	1,171	2,257	487	616	553	907	1,040	1,523
Total Expense	189	835	1,746	335	526	414	716	749	1,242
Profit Before Tax	53	336	511	152	90	139	191	291	281
Profit After Tax	29	223	363	105	62	105	140	210	202
Shareholders Funds	882	2,079	3,942	2,184	4,004	3,789	4,143	3,789	4,143
Total Outside Liabilities	3,624	13,596	15,530	14,629	16,173	14,065	17,142	14,065	17,142
Total Assets	4,506	15,675	19,472	16,813	20,177	17,854	21,285	17,854	21,285
Capital Adequacy Ratio	36.60%	27.66%	46.17%	28.37%	45.02%	44.90%	44.71%	44.90%	44.71%
Debt Equity Ratio	2.47	6.48	3.91	6.59	3.99	3.69	4.09	3.69	4.09
Yield on Advances	12.74%	12.27%	12.22%	12.09%	12.70%	12.09%	12.85%	12.07%	12.78%
Cost of Funds	9.43%	8.76%	8.86%	8.56%	9.34%	8.70%	9.59%	8.63%	9.41%
Interest Spread	3.31%	3.51%	3.36%	3.53%	3.36%	3.39%	3.26%	3.44%	3.37%
NIM	9.34%	6.01%	5.36%	5.49%	5.40%	5.07%	5.42%	5.24%	5.41%
Cost to Income Ratio	61%	28.25%	26.10%	18.42%	28.68%	21.04%	37.08%	19.82%	33.67%
Return on Assets (ROA)	2.42%	3.42%	2.22%	2.97%	1.29%	2.35%	2.75%	2.84%	2.04%
Return on Equity (ROE)	3.64%	17.26%	14.11%	20.03%	6.28%	17.31%	13.67%	19.86%	9.97%
GNPA	-	0.42%	0.74%	0.51%	0.81%	0.78%	1.10%	0.78%	1.10%
NNPA	-	0.36%	0.46%	0.43%	0.53%	0.63%	0.14%	0.63%	0.14%
* as per IND - AS									



# Profitability ratios

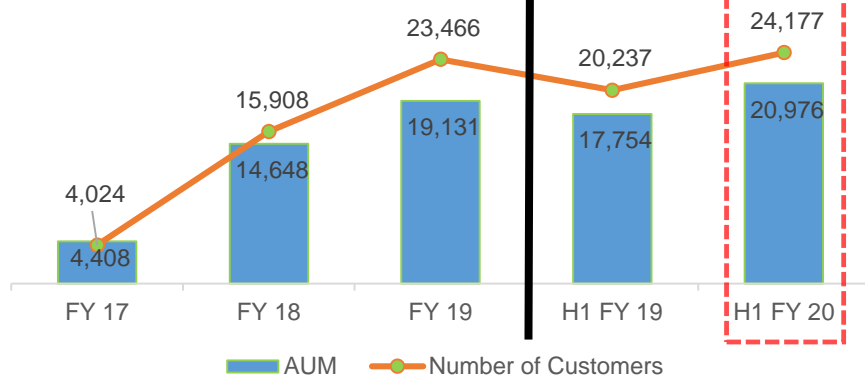
Particulars	FY 17	FY 18*	FY 19*	Q1 FY 19*	Q1 FY 20*	Q2 FY 19*	Q2 FY 20*	H1 FY 19*	H1 FY 20*
Interest Income to avg. Loan Assets	12.74%	12.27%	12.22%	12.09%	12.70%	12.09%	12.85%	12.07%	12.78%
Interest Expense to avg. Loan Assets	3.40%	6.27%	6.86%	6.60%	7.30%	7.02%	7.43%	6.83%	7.37%
Net Interest Margin	9.34%	6.00%	5.36%	5.49%	5.40%	5.07%	5.42%	5.24%	5.41%
Other Income to Avg. Loan Assets	7.60%	3.19%	1.18%	1.27%	0.14%	1.23%	4.96%	1.24%	2.61%
Operating expenses to avg. loan assets	10.10%	3.24%	2.89%	2.02%	2.97%	2.14%	3.25%	2.08%	3.11%
Provisions and write offs to avg. loan assets	1.38%	0.62%	0.37%	0.25%	0.56%	0.46%	3.19%	0.36%	1.91%
PBDT to avg. loan assets	5.46%	5.33%	3.28%	4.48%	2.01%	3.70%	3.94%	4.04%	3.00%
Depreciation to avg. loan assets	1.01%	0.19%	0.17%	0.13%	0.15%	0.15%	0.17%	0.14%	0.16%
PBT to avg. loan assets	4.45%	5.14%	3.11%	4.35%	1.86%	3.55%	3.77%	3.90%	2.84%
Tax to avg. loan assets	2.03%	1.73%	0.89%	1.38%	0.56%	1.20%	1.02%	1.06%	0.80%
PAT to avg. loan assets	2.42%	3.42%	2.22%	2.97%	1.29%	2.35%	2.75%	2.84%	2.04%
Cash Profit to avg. loan assets	4.81%	4.23%	2.76%	3.35%	2.00%	2.96%	6.11%	3.34%	4.11%
Return on Equity (ROE)	3.64%	17.26%	14.11%	20.03%	6.28%	17.31%	13.67%	19.86%	9.97%

\* as per IND - AS

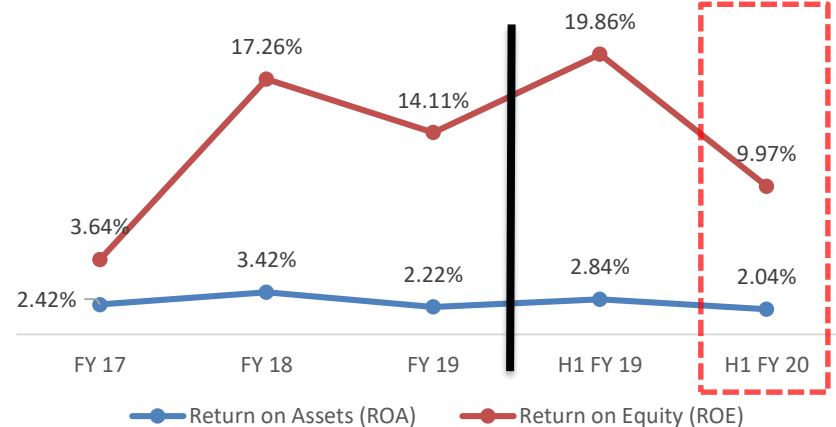
# Business Performance

(Rs in Millions)

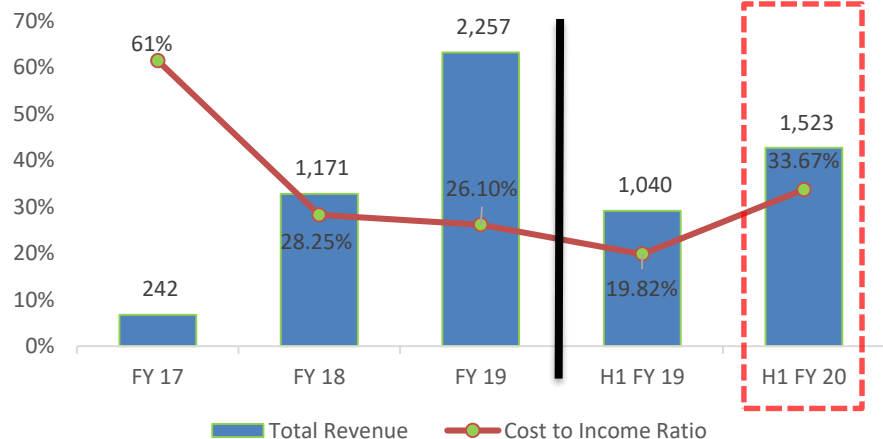
Asset under Management (AUM) and no of customers



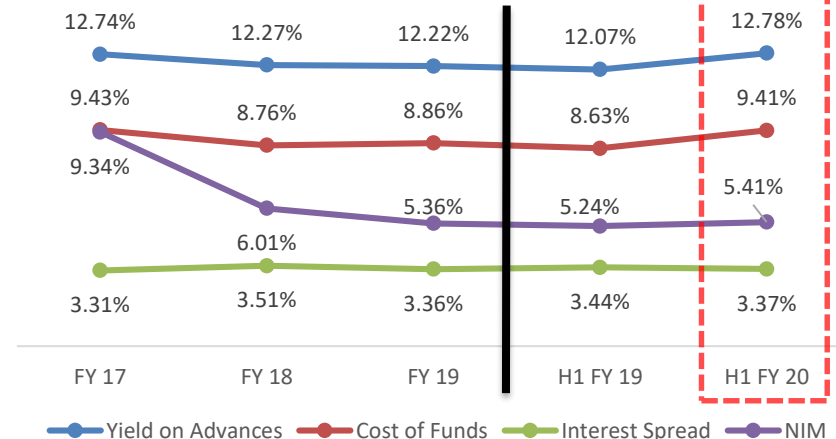
ROA, ROE



Income/Cost



Interest Income and Cost



# Key differentiators

## Financial Highlights

- Disbursements in H1 FY 20 INR 2,543 mn. Loan Book as on Sep 30, 2019: INR 19,976 mn. AUM as on Sep 30, 2019: INR 20,976 mn.
- Direct Assignment of INR 1,000 mn done in H1 FY 20.
- Average Ticket Size in H1 FY 20: INR 1.05 mn , Average Yield: 12.78%, Interest Spread: 3.37%
- Business Presence: Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Kerala, Andhra Pradesh, Telangana, Karnataka, Uttar Pradesh, Haryana, Chandigarh, Delhi, Chhattisgarh, Tamil Nadu, Punjab and Puducherry Presence in 103 locations.
- ROA for H1 FY 20: 2.04%, ROE for H1 FY 20: 9.97%
- Average cost of borrowings of 9.41% for H1 FY 20. Capital Adequacy Ratio: 44.71%, Debt Equity Ratio: 4.09.

## Growth Drivers

- Increasing the leverage from 4.09x currently will help to improve the ROE
- CRISIL Upgraded long term rating from AA- (Stable) to AA (Stable). This will help in reducing cost of funds
- Strong liquidity in Group's balance sheet, along with its free cash flows to fund the capital requirements
- Established corporate brand name among borrower segment, superior customer servicing capabilities and effective loan recovery mechanisms
- Tier II / III cities focused distribution network with a in-house sales team along with cross-sale to the existing gold loans customers of the group

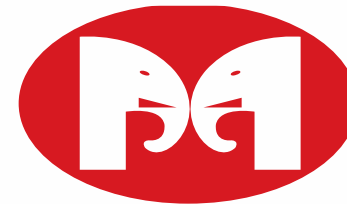
## Profitability

- Long Term Rating from CRISIL AA (stable) which indicates low risk will help in lower cost of funds. Short Term Rating: ICRA A1+ / CARE A1+
- Debt/Equity ratio at 4.09 times as on Sep 30, 2019, indicates ample scope for financial leverage to increase ROE
- Infrastructure sharing with the parent (Muthoot Finance) helps reduce overall Opex.

## Opportunities

- Our focus segment, "affordable housing finance" is the centered around the Government initiative of "Housing for All" by 2022
- Government promoted schemes such as PMAY-CLSS will benefit the end consumers.
- Huge shortfall for housing units in EWS / LIG segment in India
- Attraction of builders to the construction of affordable housing due to Infrastructure status given in Union Budget
- Increase in affordability driven by sustained GDP growth rate and stable property prices.
- Decrease in average members per household and emergence of nuclear families
- Increase in workforce to be driven by expected bulge in working age population
- Increasing urbanization led by rural-urban migration and reclassification of rural towns





# ***Muthoot Homefin***

## **REGISTERED ADDRESS**

Muthoot Chambers, Kurian Towers,  
Banerji Road, Ernakulam,  
Kerala - 682018, India

## **CORPORATE ADDRESS**

12th Floor, 'A' Wing, Office No. 1201 & 1202,  
Lotus Corporate Park, Gram Path, Off Western  
Express Highway, Goregaon (East), Mumbai - 400  
063, Maharashtra, India

[www.muthoothomefin.com](http://www.muthoothomefin.com)

